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The F Word and How to Use It

Posted by **Emily Davis** on Nov 3, 2016 12:42:42 PM

Nonprofit governance is a shared role by an organization's chief executive and the board as a collective. Together they are responsible for ensuring the necessary resources for the organization — both human and financial.

However, there is much confusion about fundraising and the various roles within ensuring necessary resources for an organization. Moreover, there is big resistance to fundraising — the "F" word of nonprofit businesses. I would argue this is because fundraising is widely misunderstood as a process.

First, there are myths about what fundraising is and is not.

Fundraising is not about begging for money or treating people like ATMs. Most board members say they don't like fundraising because they don't want to hit up their friends for money all the time. They worry about putting friendships at risk. They feel as if they are asking for money for themselves rather than for the organization.

Fundraising is about building authentic relationships with investors in pursuit of a mission. Fundraising is also a profession and not a hobby. There is the Association for Fundraising Professionals (AFP) with oodles of publications, certifications, and trainings. There are people who spend their entire careers studying the fundraising process and a variety of its sub-specialties, ranging from capital campaigns to crowd funding to grant writing and more.

I contend that revenue development for nonprofit businesses is harder than corporate revenue security. For-profits generally sell a service or product while nonprofits "sell" prevention. Additionally, those who are leading nonprofits need some level of expertise in the following revenue sources (even if to know enough to remove them from the fundraising strategy):

> Individuals: annual, midsize, major gifts, membership

> Special events

> Foundations: community, family, corporate Government grants

> Corporate sponsorship

> Service clubs

> Religious organizations

> Earned income/fee for service

> Social enterprise

Fundraising professionals often refer to this work as "friend-raising" because it is all about relationships. In our own lives, we have different kinds of friendships — from the family and friends who are in in our inner circle to peripheral social media connections who we don't know as well. We need all of these relationships as humans and in a variety of ways. It's the same with donor relationships: It takes all kinds.

The traditional fundraising model as it relates to individual donors is The Giving Pyramid. The idea is that there are different amounts of donors and different donor amounts within the pyramid. At the bottom of the pyramid are the largest number of donors giving the smallest charitable gifts. As you move up the pyramid, there are fewer donors giving more money.

**BEQUESTS/
PLANNED GIFTS**

MAJOR GIFTS
Capital campaigns
Endowment campaigns
Special events

ANNUAL GIVING
Annual campaigns
Special events
Direct mail
Online giving
Membership programs

ONSITE/FIRST TIME GIFTS
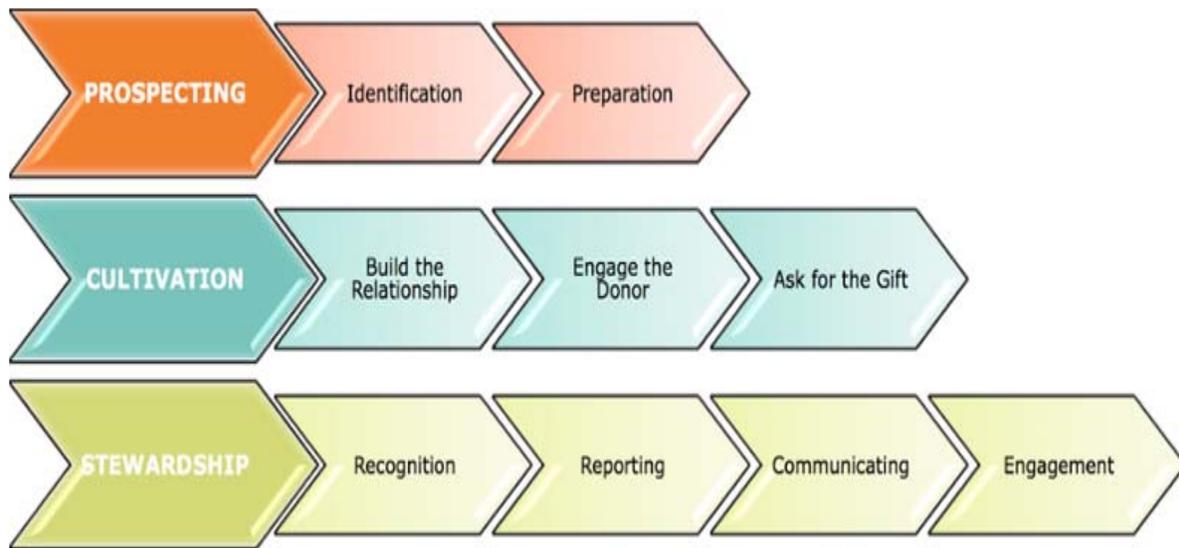Newsletters
Volunteerism
Social media
Peer-to-peer giving

For me, this visual model does not convey the spirit of fundraising. I propose another way to think about this.

Fundraising and relationship-building are about bringing current and prospective donors closer to the inner circle of the organization. I like to think of it as spheres of influence. The idea is that the closer someone feels to the organization, the more likely he or she is willing to give in frequency and/or dollar amounts.

New gifts

Annual donors

Midsize donors

Major donors

Planned giving
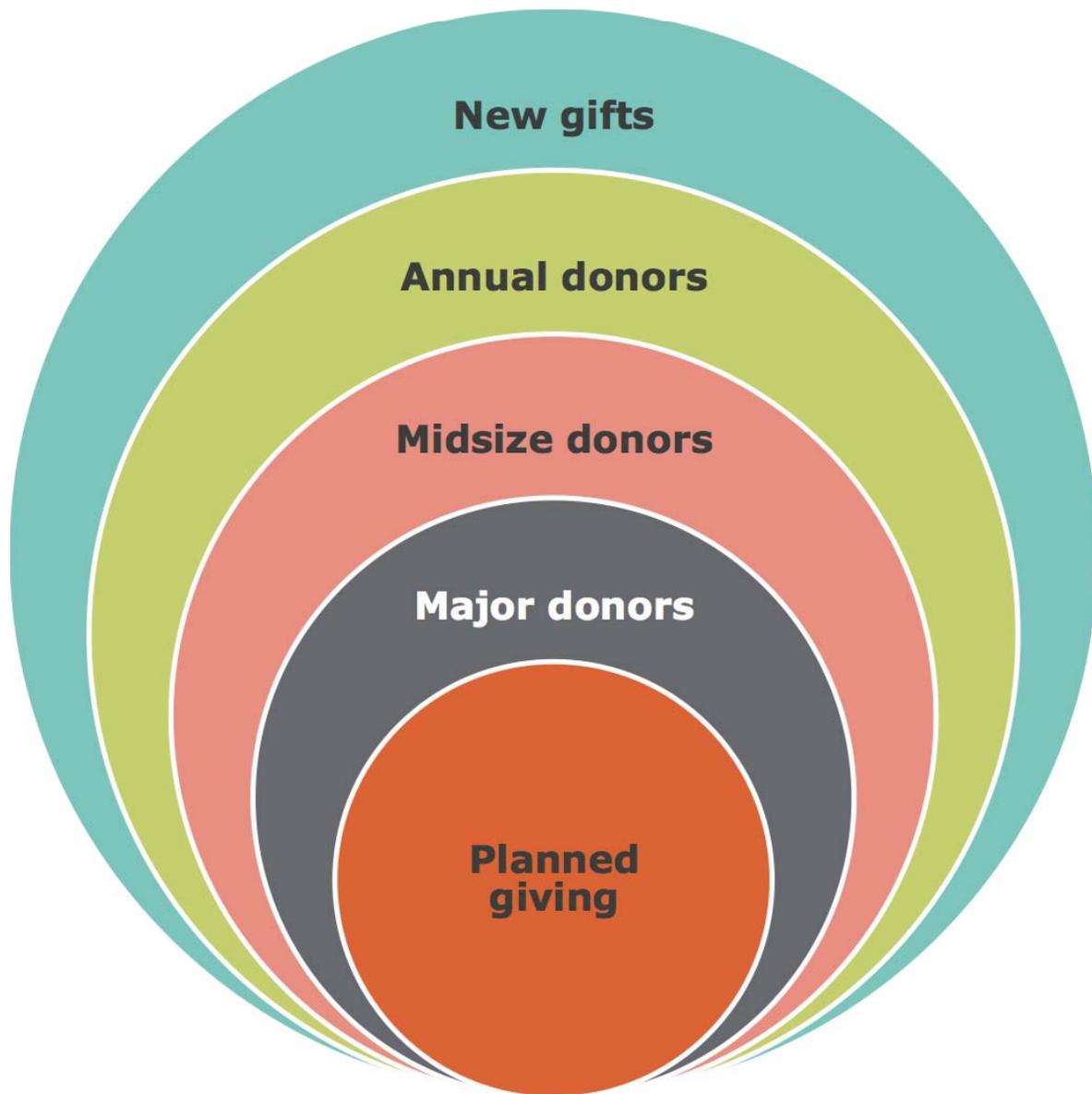
So how does this happen? How do organizations get people to give and build lifelong loyalty to a mission?

Often nonprofit boards will hire an executive director or development director or even have a department of fundraising professionals to make it happen, and boards will think they are off the hook from the F word. In fact, organizations need all hands on deck with fundraising. Fortunately, there are many ways for board members to get involved with the process of fundraising, which generally boils down to three steps: prospecting, cultivation, and stewardship.

PROSPECTING	Identification	Preparation	
CULTIVATION	Build the Relationship	Engage the Donor	Ask for the Gift
STEWARDSHIP	Recognition	Reporting	Communicating	Engagement

Commonly people think that fundraising is isolated to asking for money. The actual ask only takes about five percent or less of the overall fundraising time on average. What actually takes the most time is stewardship. This is the step in the process I've seen board members get the most engaged around — thanking, communicating with, reporting to, and acknowledging donors. The first way board members can experience fundraising is to help staff and committees with this work.

It's important to remember that there are great approaches to asking for a financial contribution and responding to an objection. Most often, you will get one of the following responses when asking for a gift: "Yes," "Yes, but I can't give much," and "No." We've all been told no in our lives and survived. Occasionally, there is the fourth response: "Yes, and I want to give you more!" This is like the unicorn of fundraising but, with a strategic approach, it doesn't have to be a rare occurrence.

Fearless Fundraising is an outstanding publication that provides two of my favorite exercises related to board fundraising: Fundraising Culture Assessment and the Fundraising Checklist. The former provides you with the opportunity to assess your board's fundraising culture to help you identify what you have in place, don't have in place, and need to find out about. The latter is a great list of activities for board members to

understand the fundraising process and where they are compelled to plug in and where they are not.

Executive directors, board members, fundraising staff, and fundraising or development committee members should share leadership in the F word, but it's important to understand the roles each plays in the fundraising process.

Chief Executive

The executive director or CEO of your nonprofit is your chief fundraiser. This person is the face and voice of the organization, including with the media. He or she knows the most about the organization — from governance to operations, dirt to sky. If you have a chief executive who is unwilling to fundraise then you have the wrong chief executive.

The executive director serves as the liaison between the board and the staff, identifying strategies with the board that will best serve the mission of the organization within its capacity. The chief executive is responsible for the planning aspects of fundraising. Whether this planning happens internally or with the use of a consulting expert, it is important to document the organization's strategies for success.

Planning allows organizations to align efforts and measure impact. This avoids haphazard approaches to fundraising such as endless fundraising events and grantwriting with low return on investment. *The Development Plan* is a book that provides simple steps to creating your organization's fundraising plan.

Development Staff

Some institutional organizations are lucky enough to have specialized development departments. Others have one staff member learning the

fundraising ropes, and others have none. Like any business model, different organizations have varied capacity.

For organizations that do have fundraising staff members, their role is to help with designing, implementing, and evaluating the strategies set forth in a fundraising plan. They identify and communicate the needs of the organization with current and prospective donors. They also are responsible for moves management —the work of moving donors into the inner circle of the organization and, ideally, increasing their gifts.

For many organizations, the staff members are primarily responsible for managing the donor database. The donor database is a critical component in fundraising as it helps to keep the organization's fundraising efforts and relationships in alignment with strategy. IdealWare provides a primer on various databases for nonprofit fundraising.

Development/Fundraising Committee

A development or fundraising committee plays an essential role in fundraising. Its members serve as another liaison between the board and staff, enabling board, staff, and other volunteers to work side-by-side on the design and implementation of fundraising strategies. As with any committee, I recommend that it be chaired by a board member. The individuals on the committee take direction from staff in helping to implement such activities as fundraising events and campaigns.

This committee can also serve as a motivator for board engagement in the F word. For example, it may

> collect proposals from consultants for fundraising plans and oversee the process
> facilitate the Fundraising Culture Assessment or Checklist

> recruit volunteers for fundraising campaigns or activities

> champion board giving

Board of Directors

Last, but certainly not least, is the role of the board in the F word. The board serves fundraising in three primary ways: 1) opening connections to funding, 2) making financial gifts, 3) and setting policy. Approaching this in reverse order...

Setting Policy

Policies that the board should ensure exist, as well as review and revise, include a gift acceptance policy, ethics statement, and personal giving policy. The gift acceptance policy addresses not only the process of accepting gifts, but also gifts the organization won't accept that might conflict with the mission. Put this policy in place before you actually need it.

The ethics statement ensures that your organization follows a code of ethics in fundraising. For example, it is generally considered unethical for a fundraiser to work on commission. Additionally, it is important to adhere to the Donors Bill of Rights.

Making Gifts

Every board member should be contributing a "personally significant" financial gift to the organization. This puts some skin in the game for board members and sets a model of investment for other donors. Many foundations will not give money to organizations that do not have 100 percent board giving to the organization. If your leadership isn't invested, why should a foundation be?

There are a few ways to structure board giving: specific, flexible, and open-ended. No matter your choice, be clear about the expectation in the board

recruitment process. Board members can hold each other accountable by sharing the percentage of board members who have given at every board meeting without calling out individuals. Also, consider having board members sign an annual commitment to giving.

> <u>Open-ended giving</u> = Each board member individually determines what a personally significant financial gift is for him or her.

> <u>Flexible giving</u> = A board member's individual commitment is a combination of his or her own personally significant gift and financial donations from others he or she has asked to give.

> <u>Specific</u> = A defined amount that all board members give in addition to engaging in other fundraising strategies.

Connections to Funding

Board members play an important role in connecting an organization to funding sources is critical. This can happen in a variety of ways:

> Connecting to donors and funders through networking

> Sharing personal stories and anecdotes about the mission with their connections

> Determining strategies for funding such as helping craft a case statement and strategic plan

> Directly asking donors for gifts

Opening connections to funding is more than opening one's virtual rolodex! It's important to educate your board member about the many ways they can make connections for you.

Understanding shared roles in fundraising — executive director, staff, board of directors, and committee — will help your organization find success in planning, process, and implementation of fundraising.

What are your experiences in fundraising roles that might help others?
What questions do you have about shared fundraising responsibilities?
What do you agree with and disagree with and why?

About Emily Davis

Emily Davis is the president of Emily Davis Consulting, a BoardSource senior governance consultant; *Fundraising and the Next Generation* author; and 21/64 philanthropy consultant. She provides consults, facilitations, and writes about nonprofit and philanthropic leaders on board governance, philanthropy, multigenerational issues, and nonprofit management

Emily has served as a nonprofit founder, grant maker, staff, and volunteer across a wide variety of organizations locally and nationally. She was vice chair for Social Venture Partners Boulder County, board member at Social Venture Partners International, and founding curator for Global Shapers' Boulder Hub. She has a master's degree in nonprofit management from Regis University where she is an adjunct professor. Emily was named one of the 40 Under Forty in Boulder Valley in 2015.